

SPECIAL COUNCIL MEETING

MAY 28, 2013

The Special Meeting of the Council of the County of Kaua'i, was called to order by the Council Chair at the Council Chambers, 4396 Rice Street, Suite 201, Lihu'e, Kaua'i, on Tuesday, May 28, 2013 at 9:03 a.m., after which the following members answered the call of the roll:

Honorable Tim Bynum
Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Council Chair

Excused: Honorable Nadine K. Nakamura

Chair Furfaro: Aloha, good morning. I would like to call to order the Special Council Meeting and Agenda scheduled for May 28th, on or about 8:30 a.m. and I would like to say again, this meeting is to handle the Budget and the Real Property Tax Resolutions that we have been working on for the last four weeks. This is the second and final reading. I would also like to note that Councilmember or Vice Chair Nakamura is excused for today.

APPROVAL OF AGENDA.

Mr. Bynum moved for approval of the agenda as circulated, seconded by Ms. Yukimura, and unanimously carried.

Chair Furfaro: At this time I would like to take public testimony. We scheduled the meeting for 8:30 a.m. and it is now five after 9:00 a.m. We have waited, if any members of the public would be here and, in fact the audience has no attendance for this Special Council Meeting and let the record so note, please. No public testimony. I would like to start with a review of the Committee Reports.

COMMITTEE REPORTS:

COMMITTEE OF THE WHOLE:

A report (No. CR-COW 2013-08) submitted by the Committee of the Whole, recommending that the following be Received for the Record:

“COW 2013-03 Communication (05/15/2013) from Committee of the Whole Chair Furfaro, transmitting the proposed increases to, deductions from, and other proposed amendments (plus/minus sheet) to the Mayor’s Fiscal Year 2013-2014 Annual Operating and Capital Improvement Projects Budgets,”

Mr. Rapozo moved for approval of the report, seconded by Ms. Yukimura.

A report (No. CR-COW 2013-09) submitted by the Committee of the Whole, recommending that the following be Approved on second and final reading:

“Resolution No. 2013-41 - RESOLUTION ESTABLISHING THE REAL PROPERTY TAX RATES FOR THE FISCAL YEAR JULY 1, 2013 TO JUNE 30, 2014 FOR THE COUNTY OF KAUAI,”

Mr. Rapozo moved for approval of the report, seconded by Ms. Yukimura.

A report (No. CR-COW 2013-10) submitted by the Committee of the Whole, recommending that the following be Approved as Amended on second and final reading:

“Bill No. 2471 – A BILL FOR AN ORDINANCE RELATING TO THE OPERATING BUDGET AND FINANCING THEREOF FOR THE FISCAL YEAR JULY 1, 2013 TO JUNE 30, 2014 (Mayor’s Operating Budget),”

Mr. Rapozo moved for approval of the report, seconded by Ms. Yukimura.
(See later for Bill No. 2471, Draft 1)

A report (No. CR-COW 2013-11) submitted by the Committee of the Whole, recommending that the following be Approved as Amended on second and final reading:

“Bill No. 2472 A BILL FOR AN ORDINANCE RELATING TO CAPITAL IMPROVEMENTS AND FINANCING THEREOF FOR THE FISCAL YEAR JULY 1, 2013 TO JUNE 30, 2014 (Mayor’s CIP Budget),”

Mr. Rapozo moved for approval of the report, seconded by Ms. Yukimura.
(See later for Bill No. 2472, Draft 1)

The motion to approve the Committee of the Whole Committee Reports was then put, and carried by a vote of 6:0:1 (Ms. Nakamura excused).

RESOLUTION:

Resolution No. 2013-41 – RESOLUTION ESTABLISHING THE REAL PROPERTY TAX RATES FOR THE FISCAL YEAR JULY 1, 2013 TO JUNE 30, 2014 FOR THE COUNTY OF KAUAI

Mr. Kagawa moved to approve Resolution No. 2013-41, seconded by Mr. Rapozo.

Chair Furfaro:

Any further discussion? Mr. Bynum?

Mr. Bynum: Regarding Real Property Tax rates, finally this year we made substantial changes to the tax rates. Because we did not have any choice, we needed to generate close to \$10 million of revenue through fees, because, in my opinion, we waited so long to really manage our revenues appropriately. We made a good start at doing that this year. I still have a very dire concern about who pays what portion of the bill. Our Real Property Tax Ordinance asks the Council each year to determine its revenue needs and then have a policy discussion of who should pay what portion of those needs. You know, what is a fair acquisition? Fairness in taxation is very important to me. I think to all of us. But we have created a special class for resident homeowners, that has led to thirteen years in a row of increases for the majority of homeowners. You know, during the economic downturn, while every other tax category was having decreases in their taxes, while we did not adjust rates as assessed values fell, seven of our tax categories got very large tax reductions over a four-year period. The only tax category that did not get reductions was resident homeowners and, in fact, they did not have reductions, they had increases. We have yet to fully address the inequities and unfairness about who pays what portion of the bill. We went a long ways in this budget. We still need to address the homeowners taxes that have gone up for fourteen straight years.

Chair Furfaro:
Councilwoman Yukimura.

Any further discussion? Mr. Kagawa, then

Mr. Kagawa: Thank you, Mr. Chair. I did not expect in my first term as Councilmember to be approving tax rates and it is something when you come into politics that you try to avoid raising costs on the taxpayers, because you have been there and you sat there and you have been frustrated by thinking that how can we raise rates when things in the County do not get better? We have a lot of paved roads that are very poor, Puhi, Kekaha, Hanapēpē Heights, they just paved one street and the rest of the streets are still in horrible condition. Yet, we justify here by saying that we are going to raise property taxes just to keep up what we were doing in the past. So I must ask myself what is that? Is that...are we going to get better at what we do? Are we going to continue doing the same thing? I understand that we are broke. I understand that we need to be responsible. However, I understand that we also have a lot of employees working and we need to do a better job of taking care of the necessities, responsibilities of our County. Thank you.

Chair Furfaro:

Thank you, JoAnn you have the floor.

Ms. Yukimura: Thank you. So my way of thinking the Administration actually finally paid attention to the revenue side of the budget and this is a good thing. The imbalance of dropping assessed values and unchanging tax rates, which resulted in lower taxes for resorts, apartment, commercial, and absentee residential property over the last few years is now being corrected in this budget. Hopefully we have learned our lesson, and will never again neglect to review on an annual basis the tax rates and fees. It hurts our services that the County provides, if we do not at least keep up with inflation. It hurts the public, when there are huge jumps in fees and taxes rather than a more gradual approach. I agree with Councilmember Kagawa that there needs to be improving performance as well, but I also think we need to keep our tax rates and fees updated. As Councilmember Bynum said, there is one area that we left unaddressed this year and that is the unacceptable discrepancies amongst similarly situated owner-occupied properties due to the two percent cap on local residences and I commend Council Finance Chair Bynum for his consistent efforts in this respect. The majority of the Council chose not to support his proposal in this budget session and to begin to correct this session, I hope that next year we will be able to address this issue, because we must address it if real property taxes are to be equitable and fair.

Chair Furfaro: Any further comments? Before I do a roll call vote, Mr. Clerk, I also want to comment that in this year, we were able to create the new tax category for Transient Vacation Rentals (TVR). I think that was a process that has taken a while. We still have TVR issues that we are dealing with, but, in fact those that got bona fide TVR status now fall in a TVR tax category. Roll call please.

The motion for adoption of Resolution No. 2013-41 on second and final reading was then put, and carried by the following vote:

FOR ADOPTION:	Bynum, Hooser, Kagawa, Rapozo,	
	Yukimura, Furfaro	TOTAL – 6,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Nakamura	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Chair Furfaro: Thank you, now if we can go to Section F, if I can. We have Bills for Second Reading that came from the Committee of the Whole.

BILLS FOR SECOND READING:

Bill No. 2471, Draft 1 – A BILL FOR AN ORDINANCE RELATING TO THE OPERATING BUDGET AND FINANCING THEREOF FOR THE FISCAL YEAR JULY 1, 2013 TO JUNE 30, 2014 (Mayor's Operating Budget)

Mr. Hooser moved for adoption of Bill No. 2471, Draft 1 on second and final reading, and that it be transmitted to the Mayor for his approval, seconded by Ms. Yukimura.

Chair Furfaro: Thank you. I will let all of you know that I plan to give everyone an opportunity to speak towards the end of the meeting on the operational issues and the budget in general. But is there anyone that wants to speak on this item, and let the record again show that there is no one in the audience.

Bill No. 2472, Draft 1 – A BILL FOR AN ORDINANCE RELATING TO CAPITAL IMPROVEMENTS AND FINANCING THEREOF FOR THE FISCAL YEAR JULY 1, 2013 TO JUNE 30, 2014 (Mayor's CIP Budget)

Mr. Hooser moved for adoption of Bill No. 2472, Draft 1 on second and final reading, and that it be transmitted to the Mayor for his approval, seconded by Ms. Yukimura.

Chair Furfaro: Now I would like to have an opportunity to recognize each one of our members for up to ten minutes, which is allowed in our rules to speak on the matter regarding the operating budget and taxes and the work that this Council has done. I will start, Mr. Rapozo, do you want the floor?

Mr. Rapozo: Sure. I do not know if I will take ten minutes, but anyway, I am very happy to support this budget. It is the first budget that I have supported in the last three years. It is not a perfect budget. I think that there is still a lot of improvement throughout this County, as it relates to fiscal responsibility. I still think we spend too much. I think we need to pursue...continue to pursue external sources of funding even though we know that the pot is dwindling, Federal and State moneys are becoming much more difficult to get. But we all have to remember what the County is responsible for and that is to provide core services, core, necessary services and when times get tough, it is up to us to start to limit the extras. It is a tough thing to do for elected officials, but it is something that we need to do. Public Health and Safety, Parks & Recreation, Elderly Affairs, those are core areas that we have to focus on and as you know, I had proposed numerous cuts that did not get the support of some of the extras and it is tough to tell a non-profit agency that is trying to do a good project in the community that we cannot afford it. But as you know, we were forced to raise taxes this year and as difficult as Mr. Kagawa said, to explain to the constituents, that we are going to raise your taxes and fees, and yet, they do not see the benefits. They do not see the parks improving. They do not see the roads improving. It is tough and that is the scenario that we are currently living right now. This County has many inefficiencies and we heard of examples of duplication of services between

Departments and that needs to be addressed by the Administration and not this Council. That is the dilemma, the frustration, when we are here, trying to encourage the Administration to be more efficient because there is that separation of power. That is the frustration on my part, a majority of these Administrative issues needs to come from them. Including the tax rates. I mean, they know that best. So I look for them. I challenge the Administration in the next year number one, internally to look for the inefficiencies and fix it, as duplications...they know the duplication occurs and they know we have multiple Departments doing the same thing. As these positions and people retire, reassess and readjust and reduce the size of County. I challenge the Administration to do that. It is very difficult for us to come up here and pick the positions that we believe are not important and I asked the Administration as we went through the discussions to come back with a five percent further reduction and they said they could not do it. But this Council found some areas to cut. So I challenge the Administration with that, go ahead and lead by example in this effort to reduce the size of government, reduce the costs, and not reduce the services to the community.

The other thing is a fair and equitable tax system, real property tax system. Again, they need to come up with the proposals. They need do the analysis. They have access to the data and all of that. That should not be the Council function, although, it has become that. I would much rather see the proposals come from the Administration, that creates or improves upon the system that we currently have. As difficult voting for property tax and fee increases, although I did not support most of them, I am supporting the budget, because I believe it is the best budget possible, considering the circumstances.

The other thing is and I have spoken of this numerous times throughout the year, is our Cost Control Commission. We have a Cost Control Commission that is tasked with finding the duplications, that is tasked with looking for programs, Departments, and I do not believe they have done that. I think they have done a good job at looking at ways to increase revenue, but that is not their focus and I disagree with the County Attorney, that they have the authority or the ability to review and recommend increases in taxes. I disagree with that interpretation. I believe that they have the authority to review tax...the real property tax system, because they need to. But as far as as making recommendations to this body and that Commission is a very powerful Commission, I believe their function is to look into the individual Departments, individual programs to determine if, in fact, it can be done more efficiently. That is what I am hoping that the Mayor will task the Cost Control Commission in the next year is to come up with some real cost-cutting measures, not revenue enhancing measures, but cost-cutting measures. Because if anyone thinks that next year is going to be easier than this year, they are terribly mistaken. It is not. We have Collective Bargaining increases this year that is going to...it just exponentially grows. To think we are out of the woods is a mistake.

Of course, as I have spoken a little while ago about the external sources of funding, we have the ability and mechanisms in place to generate revenues from fines, from civil penalties through the Planning Commission, through the Building Division. We have not taken on that function and that needs to be done and the excuses need to stop. Oh, well, it is vague how many warnings we have to give them...that is pathetic. Again, they all have to come together and it is a joint effort. We look like the bad people here. We get criticized for hammering some of the Administrators and Directors because they are not doing their jobs. But somebody needs to provide that oversight and that is our job.

All in all, like I said, am I happy with the budget and think it is perfect? Absolutely not. I think there are a lot of things we could have done better, but considering the economic times and financial situation of this County, I believe it is the best that we could come to in that period of time. So obviously, I am supporting the budget, and I do want to thank the staff and my colleagues here. Staff, Jade and Ricky, all of your people, throughout this process were just incredibly professional and efficient. I also want to thank the Administration for getting the responses to us, quicker than I have ever seen it in all my years and some of them came the same day, via E-mail, which is much appreciated. I still got some responses after the budget, but the improvement was much appreciated. With that, that is all I have. I did not use my ten minutes, but have two minutes and twenty six seconds left. Thank you.

Chair Furfaro:

Mr. Bynum, I will go to you.

Mr. Bynum:

Okay. This was the most difficult, but also the best budget process that I have been involved in and that is saying something, because it was not always easy. Let me start by saying that the County of Kaua'i as an organization overall is an outstanding organization. I am proud to be part of it. I am proud to be a County worker. I am proud of the vast majority of the people who work for the County, that work hard every single day, serving our community. There are all of these jokes about government waste and certainly there is government waste. Any big organization has employees that you are not always proud of. But overall, we got a great group of people doing a really good job. Things are improving in our County. They are improving dramatically, and the struggle we had with budget this year is a good example of that. I am just going to talk frankly for a few minutes. I have been on the Council for many years and the first few budgets were just a joke. The Administration would send over here a very lengthy document and we would have lots of hearings that we invest meaningful time and were insightful and purposeful, the Council, which is our Charter responsibility to take command of the financing of this never happened. When every budget would come and the Council would find something that would be big and controversial, whether it was the red car that the Mayor was driving or the Ka Leo program or this position or that and there would be a whole lot of political wrangling about one

or two issues and the rest of the budget went through unscathed. How do I know that? Because I worked for the Mayor. Why are they cutting the Ka Leo positions and it upset the Mayor, but it was in the long run, let them argue about Ka Leo for the next few weeks and the rest of the budget sailed through. The Council was not taking its responsibility.

This Council is finally beginning to take its responsibilities and that comes from the current leadership of this current Chair. Under the last Chair when it came up to do budget, I would say can we talk about revenue, which is half of the budget, and we did not even discuss it, not for five minutes and today we had a full day this budget session to talk about revenues and we were talking about revenues all throughout the budget. That is a vast improvement. That is a very good thing. We found... Councilmembers were very diligent all around the table. We found good places to cut the budget, that the Administration even agreed and that is the beauty of democracy and the collective mind. You know, but we also have made very fundamental changes in the property tax system in the last three years and the Mayor put forward a proposal to fundamentally change taxation here from zoning to use. This year, we are implementing that, and it is an astronomical change, creating new tax categories, one that is very, very, very important and I am very excited about is the Mayor's proposal that the Council supported is if you are a landlord, and you rent a home, whether you live here or not, if you rent it long-term, with a one-year lease at an affordable rate, you can have the homestead class rate.

You can have the lowest tax and the homestead class should always be the lowest tax rate. Those are our resident homeowners and it is currently still in my opinion still too high at \$3.05, but it is a great incentive. So if you own a property and want to vacation rental it, fine, we will tell you to pay the vacation rent at \$8.00. The homestead rate is \$3.05 and is that is a wonderful incentive. We should incentivize local renters.

Now I want to tell one story. I just talked to Ernie in the audience about it, about how complex government is, and sometimes we just go down this road, because we started. So that was a cut that I suggested that we make \$100,000 for a Līhu'e Bypass Study. So let me tell you really briefly in my ten minutes, that was in the Long Range Transportation Plan of the State since the 1990s and the State had no investment in following up with that plan. When we decided to site the landfill at Maalo, there was a thought that we may need that route, so we do not route trucks through Hanamā'ulu, because there is a specific law that you have to look at specific communities as Hanamā'ulu is and the impact of siting a landfill and it looks like we would have to build the road. The County went to the State and said come on, please study this. We will pay for the study, if you will do the study. This is for a State project. A State project that will never happen. Well, now we found out we do not need the bypass for the landfill. So we should let this go. It is not going to happen. But no, we are almost going out to bid and there are matching

funds. So we are putting \$100,000 of taxpayers' money out to chase \$400,000 of Federal taxpayers' money to do a study that will hit is sit on a shelf and not lead to any change in our children's lifetime. That is a good example of chasing good money after bad and I said when we voted on that, we have been waiting for the Kapa'a relief route for 25 years and I found out this week the State agreed that they would never build that and they killed the project. So what we all knew for years is now a reality.

We desperately need to address the tax inequities that are in the homestead class. We have people with equally valued homes one paying \$600 a year in property taxes and a person right across the street paying \$1,800, for no other reason than the luck of the draw. Taxing needs to be done fairly. There are going to be a number of proposals that the Administration is going to work on, I hope collaboratively with the Finance Chair and Council Chair to make this year, where we really get our house in order. To make this year the year that this Council in the next couple of budgets fully takes its responsibility under the Charter to be the fiscal agents of the County.

My last statement, because I have thirty seconds. This is a great County. It is not a beast. It needed to grow. We are a small town, but we are also a sophisticated community that has the world as our investor. We get outlowered, outmaneuvered, outbamboozled, outpoliticked to the detriment of our local people and we are here to serve the resident people who live and work on Kaua'i, not the people who want to invest here, not the people who want to do business here. We represent the people who live and work here. I am going vote for this budget. There were things that I wish wer not in there and other things that I wish were, but overall, this was the best budget process of all...as crazy as it was...and I have run out of time for thanks, but the Administration was great this year. Our Staff was so on it and learned from last year and anticipated our needs and that made a long way to making this an efficient budget process and to thank the Council Chair, who has become quite adept at dealing with the strong personalities who sit around this table, making some mistakes, but overall doing an outstanding job. Thank you.

Chair Furfaro:

JoAnn and then Mr. Kagawa.

Ms. Yukimura: Thank you, Chair. I can say without reservation that of the seventeen Council budget processes I have been involved with, this budget process has been the best. Do not get me wrong, there is much more that needs to be improved and I did not agree with all of the decisions, but there were many big steps forward this year that I would like to acknowledge. First of all, this year's budget process has reflected more accurately and honestly the County's actual financial situation. This budget process imposed more discipline in reflecting accurate balances and in requiring Departments to think more clearly about their goals, and more rigorously how to cost-effectively achieve their goals.

The Departments' presentations were considerably better than previous years, and I want to thank all Department Heads and Agency Heads and their staff for their efforts.

I want to especially acknowledge the Administration's Budget Team, Finance Director Steve Hunt, who is brand new, but really rose to the occasion and then also Budget Director Ernie Barreira and Budget Analysts Ann Wooton, and Ken Shimonishi all who deserve to be commended. I also want to recognize the Departments and Divisions...and these are special Divisions that showed exceptionally responsible and creative thinking in their budget processes and they really jumped out at us as the presentations were made and they treated taxpayer money as a scarce resource and figured out how to achieve their jobs within limited means and I am thinking of the Agency on Elderly Affairs, our Transportation and Housing Agencies, our Finance Department, especially the Divisions of Purchasing, and IT, or Information Technology and the Automotive Repair Shop in Public Works. Just stellar work. Not only in the presentations, but in the doing of their work. I also want to acknowledge the Road Divisions in Public Works and the CIP team in Public Works and Planning and the Personnel Department...that are still working...their work is in progress, but they are showing excellent progress in terms of making positive and significant system changes.

The second big step forward I have already mentioned, that the Administration has finally paid attention to the revenue side of the budget and I have already discussed that.

The third big step forward, Tim has mentioned. There was much more time in this budget process for fact-finding and interaction with various Departments and Agencies. This allowed Councilmembers to better understand the budgets overall, and the challenges and approaches of various Departments. Hopefully, therefore, our review was more constructive and informed. I want to say thank you to the Administration for its outstanding efforts to keep communications flowing between the Departments and the Council. Thank you for your early budget briefings. Thank you for your prompt responses to your questions, your openness to our inquiries, ideas, and suggestions.

Thank you to the Mayor for being present in these Chambers, which was a first. Then *mahalo* to Chair Furfaro for setting the tone and allowing Councilmembers a depth and breadth of inquiry that was never allowed before and for sharing your independent analyses and framing that helped all of us make better sense of the budget and *mahalo* to Finance Chair Bynum for your analyses of data and trends as well.

The fourth big step forward and it is actually a continuation, because the Council staff has always been incredible, but this year's staff was more proactive

than ever and initiated new processes that made our Council budget process better and paid attention to details and serviced each Councilmember's inquiries and concerns and followed up and tracked all questions and answers between the Administration and the Council and kept their good humor and kindness in spite of the grueling hours and complex issues. So mahalo to our Staff for your skill, your dedication, and your commitment to excellence. Especially thanks to Jade Tanigawa, Scott Sato, Yvette Sahut, Ashley Bunda and of course our Clerk, Ricky Watanabe. Our supporting staff who in Decision Making were, Darrellyne Caldeira, Codie Yamauchi, and Allison Arakaki and all of our Clerical Staff who rotated and are doing all of the work on the voluminous minutes, thank you.

As to the substantive budget changes and decisions that we made, I am very grateful we have chosen to pay in full our payment and pension obligations. To me this is *pono*. It keeps faith with our employees and it makes future budget decision-making easier, because we will not be facing the looming unfunded liabilities that the State and other Counties are facing. I am glad that we have covered basic public safety needs by funding the basic needs of Police, Fire, and Water Safety. I know it never feels like enough, but I urge those Departments to think creatively and out of the box and I want to commend and cite one example in the Police Department that represented a 400% decrease in costs and I think that is what Councilmember Rapozo is talking about, in terms of how do we do things better for less. That was the cost of meals for detainees in the temporary holding cells, which dropped from \$30,000 to \$6,000 because those in charge first got clarity about their goal, which was not to give detainees a full course meal, but was to adequately feed them. They figured out that frozen burritos and a microwave accomplished that and saved \$24,000, which is a small amount in the budget, but it is the process, when applied could save us hundreds of thousands of dollars.

At the same time in talking about the Police, I must say I am regretful in my vote in Committee against the overtime money for Police overtime response to rave parties and I do not know what I was thinking because I have known about the problem ever since then School Relation Officer Paul Applegate educated our Drug Prevention Committee about that problem and I am glad I can vote on the budget that does include it and thank you to the Committee and Councilmember Kagawa who made the motion to add it to the budget. I am glad we have restored the budget for addressing domestic violence and are continuing the Food Stamp Program at our Sunshine and other markets. and that we have continued our support of the Humane Society animal control and efforts in the Comprehensive Economic Development Strategies plan and hope that the Administration uses the money wisely with the Food Hub concept and do their due diligence with a deliberate site study for the Food Hub. I am excited about the concept of an Islandwide Ag Park System and I hope that the Administration will work closely with the agricultural community and appropriate resource people to develop the

concept, so that we will see working agricultural parks in several parts of our island.

I am of course very thankful that we have continuing to grow the Kaua'i Bus by addressing the crowded, peak-hour routes, and key bottlenecks in the expansion process. So we can support our families in saving moneys, in transportation moneys, and also help to reduce the congestion by getting cars off the road as more people ride the Bus. Finally, the budget process has been the best process thus far for me because of my Council colleagues around the table. We have not agreed on everything, we worked together with respect and *aloha*. We have synergized our strengths and our different perspectives and skills have offset our individual weaknesses and oversights. It has been a privilege to work with all of you on this budget.

Last paragraph, the Council has done its part with respect to the budget, the job now goes to you, Department Heads and staff. Under the separation of powers outlined in the Charter, it is now your turn to implement, adjust and accomplish. We want to see you succeed, because then the people of Kaua'i will be well-served. I agree with Councilmembers Rapozo and Kagawa about the need to see visible improvements in service, and we need to have addressed the stories of inefficiency, poor planning, poor management, some of which, unfortunately are true. So with that, thank you so everyone, and go to it...*mahalo*.

Chair Furfaro:

Thank you, Councilwoman. Mr. Kagawa.

Mr. Kagawa: Thank you, Mr. Chair. You know, I would like to start by thanking you for your leadership. I think you have done an excellent job, in my first term of showing me how a leader should treat his fellow members and giving me all of the time and the information that I needed and I really appreciated it.

Chair Furfaro:

Thank you, Mr. Kagawa.

Mr. Kagawa: Members, I know we do not agree all the time, especially from my side of thinking. However, I think that is what makes a unit strong, is when you have people advocating for a lot of different issues and people. So thank you. I want to thank my two colleagues, Mr. Rapozo and Mr. Hooser particularly. Part of getting myself to accept this budget was not giving the Administration every increase that they had and you stood with me in opposing the tipping fee and the vehicle weight tax, which I just thought that in those two areas were maybe excessive to the public. I think if it were a smaller increment, I may have been able to accept it, but I was really glad we were able to knock those two down at least. It is a give and take and I appreciate your support on that. This year was a tough year. We came in with a big job to do. I think we could not make

all the cuts that we needed to cut in order to prevent property taxes from going up, because they just were not there, at least not to our knowledge, where it would not affect public health and safety and the basic services that needed to be done. So I am comfortable supporting some of the tax increases.

I am concerned about the hotel industry taxes. Not the TBRs, but the basic hotel industry. I have heard from a few people who oppose it, particularly Sandi Kato-Klutke, who just recently retired and she was kind of bothered by statements that were made regarding comparing ourselves to Maui and the Big Island, and how our increases will still make us a little lower than them. She pointed out the fact that we are not Maui. We are not the Big Island and I use those comparisons also at times, you know, in regards to parks and what have you. But in the visitor industry, I can see where she coming from. Kaua'i is really unique. We attract visitors of a different kind. They come here for the beauty of our island. The Big Island they have a lot of lava rock and the volcanos there and Maui is almost like going to O'ahu these days. So I do not want to always base visitor industry type increases on the neighbor islands and I think we have to be careful of, that because we are really different. We want to be different, at least we want to keep it rural and I think we want to keep our costs down in that area. I think it will be passed onto to our visitors.

One of the great things that I have experienced just prior to today's meeting was we had a huge Līhu'e Baseball Bash that we just held here. We had sixteen Mustang Teams, sixteen Bronco Teams, and five Pony Teams. That is about at least twenty five teams from O'ahu, Maui, and the Big Island that came down here with their parents and it was a huge impact down here. The common theme from them is that it is not cheap to come to Kaua'i and it is not. You can go to Las Vegas for almost the same price when you compute the hotel and everything. We have to watch...in the old days when I was young, going to the neighbor islands was not very costly, not like now. We have to be careful because I think those types of events that really benefit the businesses and are the unsung heroes of our economy. I had a lot of people from Brick Oven who said they had a ton of business this week. I would just like to thank the Chair, it was a good ride for the first time. I think I have gotten invaluable experience during this first budget session. I will be supporting the budget.

Chair Furfaro:
have the floor.

Thank you Mr. Kagawa. Mr. Hooser you

Mr. Hooser: Thank you Chair. A lot has been said so I am going to keep my remarks very brief. I want to say that it was a very good budget discussion and very good budget process. I want to comment the staff. A lot of people do not realize how much we depend on our staff. When we ask for information, the information is provided promptly and it is accurate. The risk to

having it being provided inaccurately is huge to us as individual Councilmembers personally to us if we were to quote information that was not right...the downside is big...there is a lot of pressure and they have just done a fabulous job. I want to thank all of the Council staff.

Working with all of you as has been said, it has been a good experience. I saw the Council taking increasing ownership of the budget process. In the past when we received the Mayor's budget, it used to be stamped and then we go home after asking a couple of questions. We realize that no, we should take ownership of this and I think that is going to be an increasing trend. There was a lot of discussion about needs and wants. Robust discussion that resulted in the Administration perhaps toning down their May 8th submittal because of the questions that we asked.

Councilmember Kagawa in his first term...a lot of first termers sit back and just quietly watch. No, he rolled up his sleeves and not only opposed some of the increases as did I, but took responsibility to look for cuts to offset those. Councilmember Rapozo also willing to ask tough questions and ask more tough questions and also to dig for the cuts. It is a very good team. Councilmember Bynum and the work on the tax overhaul...I was disappointed that we were not able to move forward with that but look forward to more work and possibly moving forward next year on it. I know how much work it takes to dig through all of that. Councilmember Nakamura is not here but she represents a steady hand here at the table and also makes a huge contribution. Councilmember Yukimura is just relentless in her pursuit of the things she loves and supports and her values. I commend her for that. Just relentless in her tenacity in supporting the Bus and Affordable Housing and things that we all support, but just really tenacious and I admire that a lot.

I have to say though Chair, I respect the Police Department cost cutting also, but feeding pre-detainees frozen burritos may open us up to lawsuits, cruel and unusual punishment. I would rather them be fed non-GMO, local vegetables. The Council has done a fabulous job and Chair I want to hand it to you for steering us through some treacherous waters. There are some strong personalities at the table, some strong personalities across the railing, and a lot of moving parts with this budget. At the end of the day, your leadership has been a success and I thank you for that. I would be remiss if I did not acknowledge the Administration, the Finance Director and support, Ernie...they were really forthcoming and direct and pleasurable to work with. Thank you.

Chair Furfaro: I guess it is my turn and I would like to start by saying it was great having every member at this table bringing real issues into the discussion and doing it with respect and expressing their values and their rationale behind those items that needed to be decided on. We are doing things

different and I believe better. This is my third year as Chair. Two years ago, we set aside time just to look at revenues. Three years ago, we started by having a template to look at the budget. As a group, we constantly are making improvements and that is because of the staff commitment. We have a wonderful staff commitment here. We found ourselves always having the right kind of facts in front of us and I think you mentioned that Mr. Hooser which helps us come to the right kind of conclusions. No one ever made a bad decision by having too much information.

The approach we had this year was exceptional. We reviewed revenues and also finding ourselves reviewing the cost portion. As some of you know, I will be visiting with the Cost Control Commission at their next meeting, because I will brief them as well on our budget process so that they are fully informed of the concerns and the opportunities that are in front of us. I also have said this before, but I would remind you that my next step, I think is to actually work on an Ordinance that addresses fees on an every three-year cycle. That it would be required of us. It is very tough for people to see fees jump when they have not been reviewed, some of them for fifteen and sixteen years. We have to have a continuity and a consistency that allows us to do that.

I want to thank all of you for your continued work, especially you Mr. Hooser, with our message to the State. The State needs to understand we are partners here. We want to *kokua* with them, but now to put a permanent ceiling on the TAT is going to be a challenge for us. So we need to continue to work there and keep our relationships as active, but objective with our legislative counterparts at the State. I was happy for some of the programs we were able to do, special programs for the YWCA, YMCA with their solar project, and the fact we were able to give some extra moneys to the Humane Society. It is a little different than they teach you in business school, with approaching, first giving them the funding and then work out the details. So I am going to pose that challenge onto the Administration; that we have a cleaner understanding of next year as we approach the needs and what we can participate in with the Humane Society.

Host Community Benefits, with the Kekaha group, I think it is something we were able to put a little extra money in this year, but without the tipping fee there was no additional shared piece for their proportionate share. It is another thing that we need to work on and Councilmember Yukimura mentioned to us, the presentations are constantly being improved and I am planning to nominate the Head of the Automotive Division for Manager of the Year. His style, his presentation, his facts, his assumptions on where they needed to go on equipment were...I mean he was just right on top of it. He had an outstanding presentation and the Office of Economic Development under George's leadership, I was very impressed he came to us with programs, whether they were hula, canoe championships, cultural programs, understanding place-names in our wonderful

island community, and even the swim challenge, he provided us a substantial amount of detail, with these are the right things to participate in to promote the Garden Island and it just enhances the destination overall for the visitor industry. So my hat's off to George.

Is that my ten minutes? That is my five minutes. Okay. I do want to say that I want to continue to see some work done in the challenge we now have with only paving roads every other year. Now we understand the financial aspect of that being one where we'll get another ten to fifteen percent more paving capacity, but doing it in more bulk, but those facts and those comparisons were still lagging a response from the administration. But I also want to keep an eye on how we are shifting some of the costs between Solid Waste and the Roads Division. We need to keep track of those two very closely, as we change our approach to doing our business. At the end of the day, we all did our very best and I am very proud to work with you as colleagues and we have done the best we can under some financial restrictions, but this County has always played a conservative role. It is our nature to be sensitive to the costs that are allocated to the service recipients, which are the citizens of Kaua'i and they deserve our absolute best.

Overall I want to say that the Council was very cohesive. We used the best approach with our resources, and I think some of the ideas that came up from the three gentlemen on the corners, in fact, as it relates to the CIP utilization, the Highway Funds was most, most appreciated. On that note, my focus going forward is that I added \$1,100,000 of revenue. So now I better pay attention to the bump at the Golf Course and where those revenues came from. So between finding some costs, enhancing revenues, I think we got ourselves to a place that we all feel pretty comfortable about this budget, and it could only happen for the real commitment you folks have made as Councilmembers. I have to tell you, the staff we have here, and the changes that we have constantly made in making improvements, you folks should be complimented on your commitment, your service, professional, on-time, and we do not miss a beat...thanks to you. So on that note, Mr. Barriera, Mr. Hunt, job well-done. Annie, Ken sincere regards for a job well-done and on that note I think we can call for a vote on this budget.

The motion to adopt Bill No. 2471, Draft 1 on second and final reading, and that it be transmitted to the Mayor for his approval was then put, and carried by the following vote:

FOR ADOPTION:	Bynum, Hooser, Kagawa, Rapozo,	
	Yukimura, Furfaro	TOTAL - 6,
AGAINST ADOPTION:	None	TOTAL - 0,
EXCUSED & NOT VOTING:	Nakamura	TOTAL - 1,
RECUSED & NOT VOTING:	None	TOTAL - 0.

The motion to adopt Bill No. 2472, Draft 1 on second and final reading, and that it be transmitted to the Mayor for his approval was then put, and carried by the following vote:

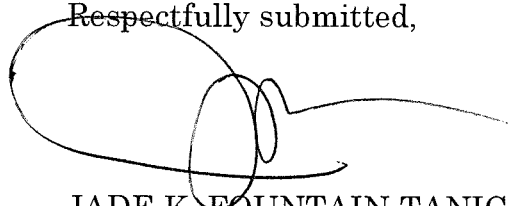
FOR ADOPTION:	Bynum, Hooser, Kagawa, Rapozo, Yukimura, Furfaro	TOTAL – 6,
AGAINST ADOPTION:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Nakamura	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Chair Furfaro: Tomorrow, reminder, Special Meeting. Tomorrow we have a visit to the Ma'alo site for the landfill and I want to caution us, facts and information given to us during the tour, more than acceptable to ask factual questions. No discussion until we get back to the Council Chambers, please. And our narrative, Yvette, that went over to the Mayor's Office for review and release? It will. Very good, on that note, I will see all of you tomorrow at 9:00 a.m. *Aloha.*

ADJOURNMENT.

There being no further business, the meeting was adjourned at 10:03 a.m.

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

JADE K. FOUNTAIN-TANIGAWA
Deputy County Clerk

SSfordmc

